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CHAIRMAN

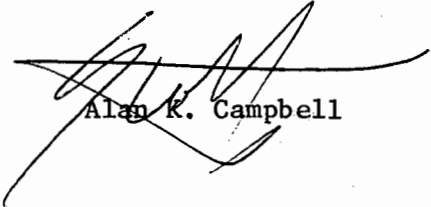
UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D. C. 20415

April 8, 1978

MEMORANDUM FOR RICK HUTCHESON  
Staff Secretary  
The White House

I hope it is possible for the President to see this on Monday since his anti-inflation speech is to be made on Tuesday. There is no point in circulating this to senior staff since they are all well aware of my views on this issue.

  
Alan K. Campbell

Attachment



UNITED STATES CIVIL SERVICE COMMISSION  
WASHINGTON, D.C. 20415

CHAIRMAN

April 8, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Alan K. Campbell

SUBJECT: Use of Alternative Pay Plan

Your Pay Agent has met with the Federal Employees Pay Council concerning your possible use of an alternative pay plan to set Federal pay this fall as a part of your anti-inflation program. This meeting with the Pay Council was a fulfillment of your commitment to the unions made in a letter to George Meany from Bert Lance and me in which we stated in your behalf, "...no final decision to invoke the alternative pay plan authority will be made without an opportunity for the Pay Council's views to be heard and seriously considered." Jim McIntyre has informed you of the unions' views expressed at two recent meetings with them.

Although the commitment to hear the views of the unions has been met, that does not eliminate the serious consequences to the passage of your civil service reforms if your announced intention to place a "cap" on Federal pay is unequivocal. The AFL-CIO support of these reforms is tenuous at best -- the independent unions of Federal employees are opposed -- and is dependent on the content of the labor relations section of the bill to which we agree and about which discussions are now taking place.

The progress through Congress of the civil service reforms is currently satisfactory, with difficulties concentrated at the moment in the House Post Office and Civil Service Committee. It is in this Committee that the unions have their greatest strength. The opponents of the reforms, unions and others, will concentrate their attention on this Committee in the hope of preventing action during this session of Congress. Success in this effort will probably doom the reform effort since it is unlikely the momentum we now have could be maintained into the

next Congress. It is difficult to hold public attention on issues related to improving governmental management. Public support for your proposals is now high, with favorable editorials and columnist comments having appeared in all the country's major newspapers.

Announcement now of a final decision to impose a "pay cap" on Federal white collar pay (no such cap is possible for Federal blue collar pay) will tremendously aid those who are trying to keep the reform proposals locked up in Committee. If that announcement could be tentative, based on the conditions which prevail when you must make the final decision and on the response of the private sector, its impact on the civil service reforms would be substantially less.

The arguments for a Federal pay cap are consistent with a conditional announcement. Your economic advisors agree that a limitation on Federal pay with no counterpart response from the private sector would make no contribution to controlling inflation. In this situation the singling out of Federal white collar workers seems particularly unfair to them and their union leaders. On the other hand, these leaders stressed at our meetings with them their willingness to carry their share of any burden which is applied across the board. A conditional proposal to control Federal white collar pay would be consistent with their commitment and would make it difficult for them to oppose it or to use it as a reason for opposition to civil service reform.